

Being Innovative Is Viewed as Key to Overcoming the Economic Downturn
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Cilion Inc. built a \$60 million plant in Keyes to produce 55 million gallons of ethanol annually.

California has experienced tough times before, and the state always has found ways to remedy the difficult situations. Many of those remedies came in the form of innovation.

“Economic disruptions like those being experienced in California and the nation are challenging, but they also create new economic opportunities because the status quo is challenged,” says Brian McGowan, California deputy secretary for economic development and commerce. “California is historically innovative about creating new business models. The challenge is identifying where those new opportunities are going to lie.

We will get through this and come up shining because we’re Californians – we are different from any other state.”

McGowan says one of the future innovations will involve planning highways with interchanges at strategic points. “When we construct a highway from now on, we want the interchanges built where there will be future economic growth,” he says. “We will reason why an interchange should be here instead of having it over there. No highway thinking model such as this currently exists anywhere in the world, but it will become a reality in California.”

McGowan, a board member of the California Association for Local Economic Development, says the state also is encouraging economic developers to step up their efforts.

Some cities have responded by increasing their advertising budgets to implore residents to buy locally and thereby save gas money while stimulating the local economy.

McGowan constantly promotes the state, reminding people “that while some states can maybe claim two or three leading industries, California can claim [many more]. We are the leader in entertainment, software technology, water technology, IT, logistics, nano-technology, biotechnology and on and on. That’s why it is perfectly conceivable that Californians will lead the way in coming up with innovative new business models, as we eventually see a new economy emerge not only nationally but globally over the next five years.”

Expansions Amid Downturns

One county that continues to enjoy business success is San Joaquin, which has welcomed 52,000 new jobs over the past 15 years. Economic developers say they always look to capitalize on the county’s business strengths, such as its proximity to major markets.

“Most of our local companies do business with Northern California and its population of 15 million people, plus the regional eight Western states that are easy to access,” says Mike Locke, president and chief executive officer of the San Joaquin Partnership economic development organization. “We are lucky to have an ideally located water shipping port in Stockton, great weather for our large agricultural industry, plus easy trucking access to Interstates 5, 205, 580 and State Route 99.

Locke says San Joaquin County is also a railroad freight hub. “We have BNSF doing about 400,000 container load-and-unload lifts a year at their intermodal rail yard, while Union Pacific performs 150,000 annual lifts – and is currently undergoing a major expansion to double the size of its facility,” he says.

Locke adds that USG Corp. is planning to build a \$350 million gypsum sheetrock plant in San Joaquin County beginning in 2010, and The Home Depot in 2009 established its third huge distribution center in the county. In fact, 12 company expansion projects were completed in San Joaquin during 2008, even during the economic downturn.

“Sure, economic times are tough right now, but a large part of an economic downturn is psychological,” Locke says. “We are Californians, we are innovative, and we will get through all of this as a leader – just like we always have.”

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Photo by Jeff Adkins